OKLAHOMA

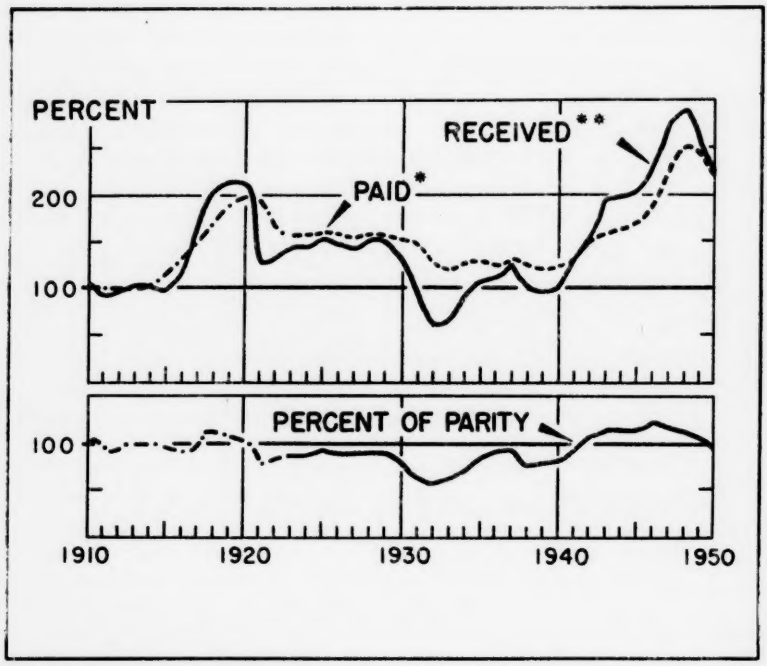
CURRENT FARM ECONOMICS

Vol. 22, No. 6 December, 1949

ANNUAL OUTLOOK ISSUE 1950

The New Farm Price Law.

(See Page 178.)



* 1910-14=100; includes interest and taxes.
** August 1909-July 1914=100.

FARMERS' PRICES

In early 1948, as shown above, average prices paid and received were at new highs. Since that time, however, the more rapid fall in prices received brought the two indexes together. In 1950, prices received are likely to average below prices paid. (Source: U. S. Department of Agriculture, projections by Agricultural Economists, Oklahoma Agricultural Experiment Station, based on data in **Agricultural Outlook**, 1950, USDA.)

Current Farm Economics

OKLAHOMA

Vol. 22 December, 1949 No. 6

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The Agricultural Situation: Outlook for 1950

GENERAL

Demand

Present indications are that agricultural prices and prices in general will continue on a high level throughout 1950, but probably will be lower than in 1949. However, on an individual commodity basis wide variations are possible. For example, government supported prices will tend to maintain the prices of farm products under the program, while the large demand for some of the non-agricultural durable goods, such as automobiles, will tend to maintain those prices.

Conditions influencing this outlook are: (1) Governmental outlays in 1950, (2) industrial production and residential construction activity, (3) business expansion and inventories, (4) disposable personal income, (5) employment, and (6) devaluation or the manipulation of the monetary exchange rates.

Governmental outlays.—The nature and extent of government spending is always somewhat uncertain. If it can be assumed that no major changes will occur in the east-west relations, then it is probable that spending for defense and foreign aid will continue at about the present levels. If the United States decides to speed the armament program here and abroad, then the increase in governmental outlays for defense, stockpiling, and rearmament of Europe would add an inflationary force to the economy and would counteract all other price depressing factors. There is no method of determining the outcome of this international situation, and present indications are that governmental outlays will remain about the same or increase slightly.

Industrial production and construction activity.—Industrial production has rebounded sharply since the settlement of some of the major strikes, but probably will continue the decline throughout 1950 which began in 1949. This decline represents the adjustment of industry to postwar demand and supply conditions in which many of the accumulated backlogs of demand have been, or are being, rapidly filled. Decreasing industrial production will tend to be price depressing unless offset by other factors.

This decline may be partially offset by the intense activity in residential construction. Construction activity in 1950 probably will decline somewhat from 1949, but will remain high even though the more intense elements of demand have been satisfied. The volume of un-

finished construction (especially more than one family dwellings), which will be carried over into 1950, will be larger than a year ago. Liberal F.H.A. terms and G. I. loans should tend to retard and minimize the downward adjustment which should begin in 1950.

Business expansion and inventories.—Private outlays for business expansion probably will continue to decline in 1950. To the extent that this is not counterbalanced by increased government expenditures for like purposes, the effect will be deflationary. The demand for producer's equipment above normal replacement has decreased moderately in 1949, and it is expected to continue this decline. It is possible that government expenditures for highways, schools, etc., will increase almost enough to maintain total new construction and replacement expenditures, thereby tending to maintain current prices.

Business inventory accumulation can be a major, short-time influence on the price level. During 1949, the change from inventory accumulation to inventory liquidation created a great deal of uncertainty. The demand for some products diminished to the extent that some lines of production were sharply curtailed. The result was deflationary to the entire economy. Inventory adjustments have been completed for most goods, and in the aggregate, inventories do not appear to be excessive. It is likely that moderate inventory changes will not significantly affect price trends in 1950.

Personal income.—Total disposable personal income has decreased from the postwar peak by approximately the same percentage as the decline in cost of living. Consequently, the buying power of consumers has been maintained in spite of larger unemployment in 1949. Although disposable personal income will continue high, it probably will decline during 1950.

As the backlog demand for more goods is fulfilled, one important item of personal income is the National Service Life Insurance dividends. Some 2.8 billion dollars will be distributed during the first half of 1950. A large share of the dividends probably will be used for the purchase of durable goods such as automobiles, furniture, and household appliances. This distribution will exert a price-strengthening influence.

Employment.—While employment has been increasing, it has not kept pace with the increasing labor force, and unemployment has been increasing. It is likely that unemployment will average larger in 1950 than in 1949. Although it will remain relatively low compared with prewar years, it will have a depressing effect on the economy.

Devaluation.—The devaluation of the British pound probably will tend to stimulate United States imports and retard United States

exports.* Since a considerable quantity of some agricultural commodities are exported, the devaluation will tend to increase the competition for those products in the foreign markets. As foreign agricultural production increases, this effect will become greater, but the full effect of the devaluation probably will not be apparent during the next few months. The prospect for 1950 is that the devaluation will be slightly price depressing.

Price

The November 15 index of prices received by farmers in Oklahoma declined 2 points to 246 percent of the 1910-1914 average in response to lower prices of hogs, cotton, and grain sorghum. On the other hand, the index of prices paid by farmers remained unchanged from a month ago at 251 percent of the 1910-1914 average. This situation resulted in a 1-point decrease in the parity ratio (ratio of prices received by farmers to prices paid) to 98. This is the second consecutive month that the parity ratio has been below 100, and is the lowest since 1942. Since prices paid by farmers are not expected to decrease as much as the prices received by farmers, it is probable that the parity ratio will continue below 100 during 1950.

The index of prices of all crops declined slightly more than that of livestock and livestock products; however, by commodity groups, the changes were not consistent with total figures. Under total crops, prices of miscellaneous crops and cotton and cottonseed declined enough to more than offset the increase in grains (Table I). Under total livestock and livestock products, prices of meat animals declined sufficiently to more than offset increases in dairy products, chickens, and eggs.

Compared with November 1948, prices received by Oklahoma farmers declined 11.5 percent with all groups, except miscellaneous crops, contributing to the decrease (Table I). The reason for the increase in miscellaneous crops is the change in the method of reporting hay prices. Prior to July, 1949, prices were based upon all loose hay, but now are based upon all baled hay. Other than for miscellaneous crops, prices of grains and dairy products declined the least, while those of meat animals, cotton and cottonseed, and chickens and eggs declined the most.

Income

United States.—Gross farm income (cash receipts from farm marketings, value of home-consumed farm products, rental value of farm dwellings and government payments) is estimated at 32.0 billion

* For a more complete treatment, see *Current Farm Economics*, October 1949, p. 121.

TABLE I.—Percentage Changes in November Prices from Prices in Selected Months by Commodity Groups: Oklahoma.

Commodity Group	From Nov. 1948	From Oct. 1949
All Commodities	−11.5	− 0.8
Total Crops	−11.2	− 1.3
Grains	− 7.5	+ 0.5
Cotton and cottonseed	−13.4	− 2.1
Miscellaneous crops	+ 2.3	− 1.7
Total Livestock and livestock products	−11.8	− 0.3
Meat animals	−12.5	− 1.2
Dairy products	− 7.1	+ 1.3
Chickens and eggs	−14.3	+ 0.4

dollars in 1949 as compared with 35.3 billion dollars in 1948.* This decline of approximately 10 percent is expected to continue through 1950. Government payments probably will increase, but other items making up gross income probably will decrease.

Cash receipts from farm marketings in 1949, the largest item in gross income, is expected to total approximately 27.7 billion dollars, down 9 percent from 1948. Receipts from crops will be about 12.5 billion dollars, down 7 percent. Receipts from livestock and livestock products will be about 15.2 billion dollars, down 11 percent.

Cash receipts from farm marketings in 1950 are expected to decline approximately 10 percent from 1949 levels. Lower prices for both crops and livestock will contribute to the decline. Because of production controls on some commodities, the volume of crops marketed is expected to average slightly lower than in 1949 provided that weather is favorable, and the volume of livestock and livestock products is expected to be slightly larger than in 1949.

Oklahoma.—Cash receipts from farm marketings, for the first nine months of 1949, are down less than 1 percent as compared with the same period of 1948. However, cash receipts from the sale of livestock and livestock products are down 11 percent, and total crop receipts are up 11 percent. In 1950, both crop and livestock receipts are expected to decline, in line with national averages, from 1949 levels.

Agricultural prices usually are the first to increase on an increasing price level, and also are the first to decrease on a decreasing price level. Farm costs, on the other hand, are sluggish and do not fluctuate as widely as farm prices. Consequently, in 1949, the 10 per-

* *The Farm Income Situation*, September-October, 1949, p. 2.

cent decline in gross farm income probably will result in a 16 percent decline in net farm income to approximately 14.0 billion dollars.

Net farm income in 1950 is expected to follow a similar pattern. With the prospective 10 percent decline in gross farm income in 1950, net farm income probably will decline as much as 15 percent, especially if prices are maintained by a reduction in production.—**Leo V. Blakley.**

FARM REAL ESTATE

The outlook for 1950 is for farm real estate prices to continue the downward trend which began about the middle of this year. Land prices are constantly adjusting to prospective farm income, and many of the factors in prospect for next year will exert a downward pressure. These factors are: The likelihood that prices for agricultural products will be somewhat lower during the next year; acreage or production controls may reduce the volume produced for certain commodities; and growing conditions may not be as favorable as in recent years. These things all combine to make a prospective buyer wary of paying current asking prices for land.

In spite of the probable general decline in farm real estate prices, no sharp drop is expected. Government price supports still will serve as a support for farm income and consequently farm land prices. Moreover, the financial position of the farmer is, in general, strong. The farm-debt level is low, and farmland values have not risen as high as the level of net farm returns.* Therefore, the demand for land is likely to remain fairly good, which will serve as an added cushion against any sharp drop in farm real estate prices.—**L. A. Parcher.**

CROPS

Cotton

The world carryover of cotton is now expected to total about 17½ million bales on August 1, 1950, which would be about 2½ million bales more than on August 1, 1949. In the United States it is expected to be about 3 million bales greater in 1950 than in 1949 since the total in foreign countries is expected to decline one-half million bales or more. The U. S. Government's Commodity Credit Corporation (CCC) likely will own about 6 million bales, compared to the 3 and 4/5 million bales held by it last August.

Although current prices are generally considered to be resting on government loan rates, less than one million bales of approximately

* *The Balance Sheet of Agriculture, 1949*, Agriculture Information Bul. No. 1, U. S. D. A., B. A. E., October 1949.

ten million ginned were in process of entering, or were in the loan, by November 10. Current loan rates and the 1950 loans at 90 percent of parity provide a floor under prices for farmers, and also for the cotton merchants unless they buy more than is demanded. Prices likely will not rise much above loan rates while the carryover is increasing as it is now doing.

The costs of carrying cotton (interest, insurance, and storage) do not differ much between cotton in the CCC loan and that in merchants' stocks. Since some costs are involved in placing cotton in the loan, and farmers seem to demand an average of about $3.00 per bale for their equities, the trade appears to be buying about enough to meet domestic and import demands at approximately loan rates. Should the trade buy more than demanded, spot prices may sag below loan rates. If the trade underestimates the demand and buys insufficient stocks to meet the demand, spot prices likely will rise only enough to obtain sufficient quantities to meet the demand at about $3.00 above cost of repossession. (Cost for repossession would include carrying costs—interest, insurance, storage, etc., as well as the original amount loaned.)

Domestic mills consumed 726,000 bales in October 1949, compared to 696,000 bales in October 1948 and 710,000 bales in September of this year. Mill margins have continued to widen and averaged 36.08 cents in October. Most mills have sold their production as far ahead as March 1950. Domestic consumption now appears likely to total about eight million bales. Exports totaled 211,000 bales in September 1949, compared to only 171,000 bales in September 1948. An expected decline in exports likely will be offset by the increase in domestic consumption, and total disappearance probably will be about 12½ to 13 million bales, or about the same or slightly more than last season.

Brazilian Sao Paulo, Type 5, a representative quality close to American Middling in grade was quoted at 31.92 cents November 3, compared to 29.38 cents for Middling 15/16, the average for Houston, Galveston, and New Orleans for that date.* The level to which the prices of American cotton would shift without price supports cannot be forecast with much accuracy, but would depend partly on import policies, ECA and similar actions and barter dealings as well as production and monetary policies.

Many observers think that two-thirds or more of the farmers will vote in favor of marketing quotas. But many farmers are dissatisfied with their acreage allotments, and it is possible that more than one-third of the farmers may oppose quotas. Some farmers will be able

* U. S. D. A. "Foreign Crops and Markets," Vol. 59, No. 19, p. 483.

to make more money at somewhat lower prices on uncontrolled production than with marketing quotas. The influences of cotton prices, supported at high levels, on foreign production and on substitute materials and other fibers are also difficult or impossible to forecast accurately, but they deserve due consideration, and will affect the vote to some extent.—**John D. Campbell.**

Fruits and Vegetables

The upward trend in consumption of vegetables, except potatoes and sweet potatoes, resulting from a growing population and increasing per capita consumption, is expected to continue in 1950. A high level of consumer income also is expected to support the demand.

On the basis of present crop prospects and stock, it is probable that total supplies of potatoes, onions, and cabbage available for consumption in the first half of 1950 will be substantially smaller than those available in the first half of 1949; farmer prices are expected to be somewhat higher. Prices of canned goods are expected to remain near present levels.

Since consumer demand for fruit is expected to be nearly as strong in 1950 as this year, prices will depend largely on production.

Widely scattered production in small volume, and low quality, will continue to be a major problem in fruit and vegetable production and marketing in Oklahoma in 1950.—**James R. Enix.**

Peanuts

Farm and commercial uses of peanuts in 1950, including utilization for peanut butter, candy, and roasting and salting, probably will remain about the same as in 1949.

The price of peanuts will be supported at 90 percent of parity as of July 15, 1950 (the beginning of the marketing year). Computation will be made under the existing formula, since growers have approved marketing quotas for the 1950 crop.

The Secretary of Agriculture announced on November 30, 1949, a national allotment of 2,100,000 acres for the 1950 crop. This is 20 percent less than the 1949 allotment. Oklahoma's allotment will be 186,000 acres, or about the same as the 1949 acreage.—**James R. Enix.**

Wheat

Oklahoma wheat production prospects were, in early December, extremely favorable. Although surface moisture was relatively short, sub-surface moisture appeared to be ample, and the condition of

growing wheat was excellent in most parts of the state. Some farmers actually felt that prospects were almost too good when they thought of years in which prospects were almost as good and production later turned out small, and the reverse situation in which early production prospects were very poor and final production was very large. There is, nevertheless, a spirit of optimism among the farmers as to expected production. Isolated reports from wheat farmers in the midwestern states indicate that growing conditions in these states also are very favorable.

In July, the 1950 wheat acreage allotment for the United States was set at 68.9 million acres. As noted in the October issue of **Current Farm Economics,** this was modified to allow larger allotments for relatively new producers. The acreage also will be increased by producers not under the allotment program, although the compliance rate generally is very high. It is entirely possible that the total seeded acreage may be approximately 75 million acres. Should this be the case, and if production is at an average of 15 bushels per acre, a total production of 1,125 million bushels may result. In other words, even though an acreage restriction program is in effect, there is the very real possibility that wheat production may be of near record size.*

The question facing those of the wheat economy is, "Where is all this wheat to go?" Approximately 700 million bushels will be used in the United States for food, seed, feed, and industrial uses. This leaves 425 million bushels for export and for addition to carryover. Exports in 1948-49 reached a record of 500 million bushels, and if they should be as great as 400 million bushels in 1950-51, only 25 million bushels would be left for carryover. The thirty-five year export average is approximately 170 million bushels. If exports are not as great, the carryover may be even greater and on July 1, 1950, likely will be near 300 million bushels.

As the result of the relatively large supply expected to be available for market, prices likely will be somewhat lower than in the past few years. However, they will be supported by the federal price support programs.—**Adlowe L. Larson and Oliver E. Davis.**

FEED

United States.—The record supply of feed concentrates for the 1950 feeding season is the result of a favorable growing season and the large carry-over of feed grains from last year. The total of all feed

* A number of wheat farmers in Oklahoma are finding that the use of fertilizer greatly increases their yield per acre. Should this type of thing become more general throughout the United States, the total production might be considerably greater than the above figure.

concentrates, including feed grains, by-product feeds, and an allowance for wheat and rye feeding, is estimated at about 181 million tons, the largest on record, 7 percent larger than the big supply in 1949, and 35 percent larger than the 1937-41 average. The supply also exceeds that of any other year in relation to the prospective numbers of livestock to be fed. A continuation of fairly liberal feeding of the increasing livestock population is in prospect, although livestock-feed price ratios may not be quite as favorable as during the 1949 feeding season.

Feed prices are expected to average a little lower this year than last, because of the enormous supplies that will be on hand. This probably will result in substantial quantities of feed grains going into government loan and purchase agreement programs.

The 1950 corn supply, estimated at 4,277 million bushels, exceeds the record supply of 1948 by 500 million bushels, and is around a billion bushels larger than for most recent years. Oat and grain sorghum production was smaller this year, and barley production was the smallest in the last twelve years.

Corn prices, along with oats and grain sorghum prices, are expected to range several cents below the government loan rate. Barley prices, however, probably will show independent strength as compared with other feed grains during the remainder of the barley marketing year. Wheat will still be too high to feed and, as a result, wheat feeding will continue to be small.

The total tonnage of high-protein feeds for 1950 is expected to be a little larger than in 1949, but about 4 percent smaller in relation to the increasing number of livestock on farms. The total supply of high-protein feeds, in terms of oilmeal equivalent, is estimated at about 10.9 million tons, slightly larger than the 1949 record. Supplies of tankage and meat scraps are expected to increase during 1950 as the number of livestock slaughtered increases. Prices of all high-protein feeds probably will continue high in relation to feed grains and most other feeds.

Price relationships of the oilseed meals have changed since early fall. Cottonseed meal and linseed meal prices have gone up 10 percent, roughly, compared to nearly 25 percent decrease for soybean meal and gluten. Based on Kansas City prices of November 30, soybean meal is now comparable in price to cottonseed meal. The other protein supplement feeds are still higher than cottonseed meal when protein content is considered.

Oklahoma.—Contrary to feed production for the nation, Oklahoma's total is expected to be about 11 percent lower this year than

last. Farmers will need to supplement home-grown grain with imports from an ample United States supply during the 1949-50 feeding season.

The estimated corn yield is 23 bushels per harvested acre, which is 2 bushels less than 1949 but about 5.5 bushels greater than the ten-year average. Weather conditions have been generally favorable for the harvesting of grain sorghums, and reduced wheat acreages probably will mean an increase in the acres of grain sorghums planted next year. Hay acreages, especially alfalfa, should increase next year with the reduction in wheat acreages.—**Ray V. Billingsley.**

LIVESTOCK AND LIVESTOCK PRODUCTS

Beef Cattle

Output of all livestock products combined turned upward in the 1948-1949 feeding year, ending a downtrend that began five years earlier, according to the Bureau of Agricultural Economics. Underlying the recent increase was the big supply of concentrates following the 1948 crop harvests. The feed supply this year, however, is even larger. Carryover of old corn on October 1 of 1949 totaled 815 million bushels. The significance of this large supply perhaps can best be grasped by recognizing that it took from 1937 to 1940 to increase the corn supply by 600 million bushels. The total for 1949-1950 is estimated at 4.3 billion bushels, 13 percent above last year's record.

With added feed supplies available, increased livestock output can be expected in 1950. Most of the increase in meat production is expected to be in pork.

About as much beef and veal may be produced in 1950 as in 1949. A continuing strong demand for beef, along with large corn stocks, is stimulating cattle feeding. As a result of the large grain supplies, an unusually large part of the beef supply during 1950 will be of the better grades that come from grain-fed cattle.

The B. A. E. estimates that with increased meat output, plus present storage holdings, meat consumption during 1950 may approach 150 pounds per capita as compared to 147 pounds indicated for 1949. The 1950 estimate is well above the 1937-1941 average of 134 pounds, but below the 39-year record of 155 pounds in 1947.

Reduced calf slaughter this year has been an important cause for the apparent increase in United States cattle numbers. Oklahoma appears to be following the national trend. For the first 11 months of 1949, 25 percent fewer calves were received at the Oklahoma City market as compared to the same period of 1948 (Table II). Cattle numbers, however, were only 6 percent below receipts a year ago.

*TABLE II.—Stock Yard Receipts of Salable Cattle and Calves at Oklahoma City for Selected Periods of 1949 With Comparisons.**

Period	1948		1949		Percent Change from 1948	
	Cattle	Calves	Cattle	Calves	Cattle	Calves
	Number				Percent	
January	35,583	8,905	36,675	4,675	+ 3	—48
February	23,129	3,806	30,725	3,925	+33	+ 3
March	27,764	4,303	38,525	4,800	+39	+12
April	38,672	7,658	37,925	5,425	— 2	—29
May	42,452	9,141	22,275	3,150	—48	—66
June	45,073	8,970	36,600	4,250	—19	—53
July	68,865	14,054	65,350	10,200	— 5	—27
August	61,781	21,306	51,525	11,275	—17	—47
September	75,662	24,152	65,050	20,675	—14	—14
October	58,244	20,206	61,850	20,050	+ 6	— 1
November	49,118	15,434	47,400	15,100	— 3	— 2
Total	526,343	137,935	493,900	103,525	— 6	—25

* Compiled from *Weekly Livestock Market Reviews*, Vol. XXXII, January 7, 1949—November 30, 1949, United States Department of Agriculture, Production and Marketing Administration, Livestock Branch, Oklahoma City, Oklahoma.

Imports of meat and livestock have been much smaller in 1949 than in 1948. Lower meat prices in the United States provided less incentive for imports, and those from Canada are likely to decline still further in 1950 because cattle numbers there are low in relation to beef consumption requirements.

After three years, the war on foot and mouth (aftosa) disease still rages in Mexico just a few hundred miles from the U. S. border. Writing in the December issue of **Farm Journal,** Friggens reports that "just as we appeared to be getting ahead in the hoof and mouth disease fight, a new type of the 'bug' has appeared. It is called virus 'O'; the other is virus 'A.' Except for virus 'O', the war on hoof and mouth disease appears to be gaining ground," he concludes.

American-Mexican efforts to eradicate the disease are being undertaken within Mexico by means of vaccination and slaughter. Then, too, the United States maintains a 2,000-mile border patrol which enforces a strict quarantine. As a result of the aftosa disease, the likelihood of imports of live cattle from Mexico is very small for 1950.

With a continued strong demand, prices of beef cattle in 1950 may not average much below 1949 levels. It is believed that returns from cattle feeding may be better this winter than last, although considerably below several years of the 1940's, when a prolonged price rise resulted in high profits from feeding. In September, the cost of

feeder steers at Kansas City averaged $19.74 per hundred pounds as compared to $25.42 in 1948. This is a 22 percent drop. At Oklahoma City, good 500-800 pound feeder steers were selling for $20.20 per hundred, down 13 percent from the 1948 price.

Very favorable wheat pasture conditions in the Southwest has broadened the demand for stockers. Recent dry weather and reports of green bug infestation, however, may indicate a reversal of the earlier favorable grazing conditions.

Prices of feeder calves have declined only 6 to 7 percent below prices of last year at Oklahoma City (Table III). Slaughter steer prices have suffered the greatest drops, ranging from 11 to 15 percent below a year earlier. It may also be noted that the lower grades of cattle suffered smaller price declines as compared to a year ago. Cull slaughter calves and common feeder-stocker steers dropped only 5 to 6 percent below a year ago, whereas good to choice and medium grades declined from 10 to 12 percent. With increased grain feeding in 1950, these general relationships might be expected to continue.—**Robert L. Tontz and John A. Isaacson.**

*TABLE III.—Prices Received by Farmers for Slaughter and Feeder-Stocker Steers and Calves at Oklahoma City, Week Ending November 30, 1949, With Comparisons.**

Item	Grade and Weight (lbs.)	Week Ending Nov. 30 1948**	Week Ending Nov. 25 1949	Percent change from 1948
		Dollars per cwt.		Percent
Slaughter				
Steers:	Gd. 700-900	----	26.58	----
	Med. 700-1100	24.00	21.33	−11
	Com. 700-1000	20.00	17.00	−15
Calves:	Gd. and Ch., 500 down	25.00	22.25	−11
	Com. and Med., 500 down	20.50	18.50	−10
	Cull, 500 down	15.50	14.50	− 6
Feeder-Stocker				
Steers:	Gd. 500-800	23.75	21.00	−12
	Med. 500-1000	20.00	18.00	−10
	Com. 500-900	16.50	15.75	− 5
Calves:	Gd. and Ch., 500 down	24.75	23.00	− 7
	Med. 500 down	20.75	19.50	− 6

*Compiled from *Daily Livestock Market Report*, Vol. XXXI, September 30, 1948, and *Weekly Livestock Market Reviews*, Vol. XXXII, Nov. 30, 1949.

** For November 30 only.

Dairy

United States civilian consumers use more milk than do other consumers. Their income and purchasing power largely decide the amount of milk they buy. Figure 1 indicates the close relationship between consumers' incomes and their expenditures for milk from 1920 to 1949. Consumers' disposable incomes were 1 percent smaller in 1949 than in 1948, and the per capita consumption of dairy products dropped during the year. Disposable incomes in 1950 are expected to be smaller than 1949, and dollar expenditure for dairy products also is expected to be smaller.

When consumers' incomes decrease, they continue to buy or "pay on" durable goods at the expense of their food budget (Table IV). Thus to keep up consumption of foods, price drops seem inevitable during 1950.

Storage demand for manufactured dairy products profitable during recent months, is expected to be strong in the late spring and early summer of 1950. Cold storage holdings on November 1, 1949, were 141 million pounds of butter, and 186 million pounds of cheese. Both were higher than a year earlier, with butter about 40 percent greater.

Exports of dairy products declined in 1949 and are expected to decline further in 1950. In peace time, the United States usually imports some dairy products, and may be approaching this basis in 1950 and 1951, as foreign production is up. Except for foreign types of cheese, very little dairy products were imported in 1949. The recent devaluation of most foreign currencies has resulted in United States' dairy products being relatively more expensive in many foreign countries. Such a condition reduces our exports and encourages imports under unregulated conditions; however, licenses are in effect now which will regulate butter imports. There is an import duty of 14 cents per pound on butter. The cost of butter to importers, from

TABLE IV.—Relationship of Food Expenditures and Disposable, Personal Incomes.

Year	Expenditures for food per person	Percentage of income spent for food	Disposable personal income per person
	Dollars	Percent	Dollars
1935-39 average	119	23.3	510
1948	359	27.7	1,294
1949*	346	27.1	1,278

SOURCE: USDA, Dairy Situation for October, 1949.
* Tentative indications.

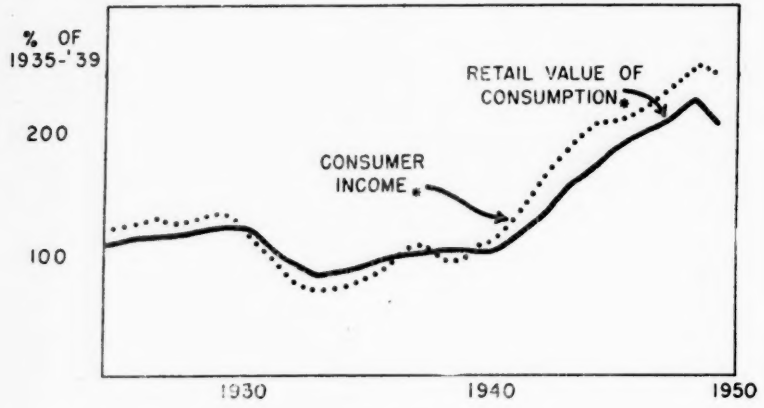

Fig. 1.—Milk and the Consumer.

SOURCE: USDA, *Agricultural Outlook Charts*, 1950, B. A. E.
* Per Person.

three important producing foreign countries, is 48 to 50 cents a pound, including the duty. This places foreign prices at 12 to 14 cents below domestic butter.

Prices for milk and cream to farmers in 1949 were maintained by substantial purchases of dairy products by the USDA to effect price supports as provided in Congressional legislation. Amounts purchased up to November 23, in pounds, were: butter, 103 million; cheddar cheese, 23 million; process cheese, 13 million; non-fat dry milk, 399 million; and 255 thousand of evaporated milk.

United States cash receipts from farm marketings of dairy products were 4.4 billion dollars in 1948. This was a record. In 1949, the receipts are expected to be about 3.75 billion dollars, a decline greater than for any other major farm product.

For Oklahoma, the cash and gross income from dairy products is given, along with other important data on prices and home consumption in Table V for the 24-year period, 1924-1948. This table shows about 70.5 percent of the milk produced in the state was sold, and 29.5 percent used on farms for 1948. This is a sizeable portion of the 88-million-dollar gross dairy income.

The proportion of the state total cash income coming from dairying has been on a decline since 1930, as indicated in Table VI. Increases in dairy income have not kept pace with those for other farm products.

TABLE V.—Sales, Home Consumption, Cash Income and Gross Income from Dairy Products, for Oklahoma, 1924-1948.

Calendar year	Sales, milk equivalent	Average price per 100 pounds	Cash income	Home Consumption		Gross Income
				Quantity milk equivalent	Value	
	Mil. lb.	Dol.	1,000 Dol.	Mil. lb.	1,000 Dol.	1,000 Dol.
1924	768	2.00	15,355	844	16,880	32,235
1925	921	2.02	18,628	852	17,210	35,838
1926	1,120	1.94	21,740	856	16,606	38,346
1927	1,299	1.98	25,769	824	16,315	42,084
1928	1,338	2.14	28,633	798	17,077	45,710
1929	1,413	2.21	31,172	776	17,150	48,322
1930	1,400	1.86	26,052	773	14,378	40,430
1931	1,486	1.40	20,842	833	11,662	32,504
1932	1,572	.99	15,636	876	8,672	24,308
1933	1,547	1.07	16,540	906	9,694	26,234
1934	1,368	1.28	17,473	868	11,148	28,621
1935	1,412	1.47	20,808	817	12,010	32,818
1936	1,340	1.67	22,356	800	13,360	35,716
1937	1,542	1.67	25,678	736	12,291	37,969
1938	1,691	1.33	22,479	745	9,908	32,387
1939	1,697	1.29	21,918	735	9,482	31,400
1940	1,599	1.44	23,076	726	10,454	33,530
1941	1,790	1.68	30,119	733	12,314	42,433
1942	1,907	2.02	38,543	741	14,968	53,511
1943	1,932	2.54	49,075	693	17,602	66,677
1944	1,952	2.66	51,852	674	17,928	69,780
1945	1,870	2.70	50,519	642	17,334	67,853
1946	1,679	3.34	56,150	659	22,011	78,161
1947	1,486	4.18	61,051	622	26,000	88,116
1948			62,116			

SOURCE: United States Department of Agriculture, INCOME PARITY for AGRICULTURE, Part I—Farm Income, September, 1943, United States Department of Agriculture, AGRICULTURAL STATISTICS.

TABLE VI.—Cash Income From Dairy Products and Percentage of Total Income by Five-Year Periods 1925 to 1945, and 1946, 1947, 1948, Oklahoma.

Year	Cash Income (in millions)	Percent Dairy Income is of total Agricultural Income
1925	18.6	5.4
1930	26.0	14.2
1935	20.8	13.1
1940	23.0	12.2
1945	53.0	12.3
1946	55.3	11.1
1947	61.1	9.5
1948	62.1	9.2

SOURCE: USDA, Bureau of Agricultural Economics, Income Parity for Agriculture, Section 17, Dairy Products, September, 1943; USDA, Bureau of Agricultural Economics, Cash Receipts from Farming, 1924-1944, January, 1946; USDA Bureau of Agricultural Economics, Farm Income Situation, June, 1949.

The number of dairy cows on farms in the United States is the lowest on record in relation to population. The decline halted early in 1949, and the total is expected to rise slowly. The low number is offset by a gradual increase in the production of milk per cow. It is expected that there will be about as much milk produced in 1950 as in 1949. The 1950 support price for dairy products is under the new parity formula which increases parity prices by 6.7 cents per pound for butter, and 54 cents per 100 pounds for milk. With cheaper feed costs, more dairy cows, and lower consumer incomes, it is likely that more dairy products will be purchased in 1950 than in 1949 to effect price support to farmers.

While per capita consumption was "off" in 1949, the long-time trend points to an increase. Per capita consumption and population increases place dairying in a very favorable position for the future. However, dairy farmers, like others, should not expect "War II" prices. **—A. W. Jacob.**

Hogs

Continued increase in meat production is anticipated in 1950 with lower prices for meats and meat animals. The major portion of the increase will be in pork, with an expected increase of 7 to 10 percent over 1949. The larger pig crops, and an expected moderate increase in the 1950 spring crop, will be responsible for greater pork production. The outlook for the 1950 crop is 5 percent larger than in 1949. The total 1950 pig production may surpass 1949 by perhaps 8 percent.

The outlook is for moderately lower hog prices in 1950 than in 1949 due to the larger production of pork and lard. The announced price supports for hogs will decline seasonally this fall to a low in December. After the low in December, the support prices will rise until March, the last month for which they have been established. The national average support price for all hogs will drop to $14.20 per 100 pounds in December, and will be $16.20 in March. Weekly average support guides for barrows and gilts at 7 midwest markets will be $14.75 in mid-December, then reach $16.65 in March.*

The hog-corn price ratio is expected to be above average during a large part of 1950. If there is a large spring pig crop, or if demand should weaken, the ratio may decline to average or below late in the year. The United States average ratio in September was 17.2 compared with an average September ratio of about 12. Abundance of corn at prices that are currently low, in relation to the prices of

* *The Livestock and Meat Situation*, October 1948, p. 15.

hogs, is favorable for hog producers, but producers should carefully observe the situation in the future and plan their operations accordingly.

The Agricultural Act of 1949 will continue support of corn at 90 percent of parity and the optional provisions for support of meat animals. Assured price support for corn, but not for hogs, may be important in 1950 production. Some farmers who produce both corn and hogs may be inclined to store more than the average amount of corn under the government program. This would tend to strengthen the price of corn for feeding purposes.

The demand for pork has been firm this year, but the demand for lard considerably weaker. In September, the Chicago wholesale price of refined, prime steam lard in one-pound cartons was one-fifth less than the price of barrows and gilts. Traditionally, the price of lard is higher than the price of hogs. Production of fats and oils will be larger in 1950 because the increase in production of lard will more than offset a reduced output of vegetable oils. There is little prospect of any substantial recovery in prices of edible fats and oils.

Although the outlook is for increased pork production in 1950, there are several limiting factors which producers should consider. Among these are anticipated lower prices, the availability of storage loans on corn, the present large number of hogs that may tax facilities on many farms, the question of a price support program for hogs after March 31, the possibility of a less favorable corn-hog price ratio late in 1950, and the tendency toward lighter slaughter weights which appeared in 1949.—**Raymond E. Page and Howard S. Whitney.**

Poultry

For a clearer picture of the 1950 poultry situation, it is helpful to take an inventory of what actually exists in productive poultry—then review past and current activities to discover, if possible, clues to further action. The data in Table VII gives a picture of past activities, and enables certain assumptions to be made regarding inventories. This data is for the United States. It is the whole picture that must be examined—not the small segment represented by Oklahoma producers.

The demand for poulty as effected by the population and its ability to produce. Population in 1949 is estimated to be 150 million, which is 115.6 percent of the 1935-39 average. When the index of poultry and eggs is compared for the same periods, production has increased to 164 percent in 1949, column 4, Table VII. Examination of layers on farms each year show that the number on hand January 1, 413 million, is only 113 percent of the 1935-39 average of 346.6 millions. The poultry industry, by increasing numbers, has kept pace with

TABLE VII.—Eggs and Poultry: Production and related factors compared with United States Population, 1935-49

Year	Population July 1	Index of population July 1 (1935-39 =100)	Index of poultry and egg production (1935-39 =100)	Potential layers, Jan. 1	Eggs produced on farms	Chickens raised excluding Commercial broilers	Sales and farm consumption of chickens				Turkeys raised
							From farm flocks[1]		From specialized broiler production	Total	
							Young birds	Mature birds			
	Mil.	Percent	Percent	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
1935	128.0	98.6	92	350	33,609	658			43	627	21
1936	128.9	99.3	99	363	34,534	715	252	378	53	683	28
1937	129.6	99.9	101	380	37,564	601	278	289	68	635	26
1938	130.7	100.7	101	353	37,356	651	238	316	82	637	27
1939	131.7	101.5	110	377	38,843	697	252	349	106	707	34
1940	132.8	102.3	112	393	39,695	634	285	286	143	714	34
1941	134.1	103.3	120	381	41,878	745	244	366	192	802	33
1942	135.5	104.4	139	428	48,597	844	275	412	228	915	33
1943	137.4	105.9	162	489	54,539	1001	350	524	285	1,159	32
1944	138.9	107.0	166	524	58,530	832	403	388	265	1,056	36
1945	140.4	108.2	170	474	55,858	915	373	437	346	1,155	44
1946	142.1	109.5	160	474	55,590	746	340	369	276	985	41
1947	144.9	111.6	157	436	55,252	745	289	384	295	969	35
1948	147.4	113.6	153	426	55,168	637	284	285	351	920	32
1949[2]	150.1	115.6	164	413	55,600	749					41

SOURCE: *The Poultry and Egg Situation*, U. S. D. A., B. A. E., October 1949.

[1] Assuming same percentage distribution between young and mature birds in farm consumption as in sales.

[2] Preliminary.

the increase in population, but the rate of production, as shown by the index, has increased faster than the number of people. Thus, increased production, or supply, has meant greater proportionate amounts of poultry products per capita. This has been brought about primarily by the greater purchasing power of the consumer.

These data also reveal that certain assumptions can be made relative to 1950. The seventh column gives the number of chickens raised. A close examination of activities each year shows that a substantial increase in the number of chicks raised, in any given year, generally indicated that producers were going to increase the number of layers the following year. If this tendency is followed, it can be expected that producers are planning on increasing the number of layers on farms in 1950 compared with what they had in 1949, because chicks raised in 1949 were 118 percent of the previous year. Whatever the actual increase in numbers of layers eventually will be, it will mean corresponding increase in production. The general opinion is that the increase will not exceed 5 percent due to heavy culling of laying flocks prior to November.

Assuming there is an increase in production, as indicated above, a larger supply into the market would cause prices to decline if other conditions are unchanged from last year. The general expectation is for business activity and incomes to continue declining from the 1948 peak, which will be another price depressing factor. As a result of larger supplies, and a decline in demand because of lower incomes, poultry prices may be expected to be lower in 1950.

Oklahoma.—To move from the general to the specific, the activity of Oklahoma producers requires additional information. Egg prices have not increased as much during October and November as normally expected ,and chicken prices have reached a new low since 1943 (Tables VIII and IX). The latter was expected and pointed out earlier when it was evident that the turkey crop was going to be large. Egg prices have been government supported, and when the parity price became lower, the price support followed it down. A compensating factor has been the decline in feed cost, which has increased the egg-feed ratio to slightly better than 14:0 for these two months (Tables X and XI). This ratio usually is considered a favorable one, but a less favorable ratio can be expected during the first part of 1950 if past experiences are any indication (Table XI). With unfavorable feed ratios during the first half of 1950 compared with the last half of 1949, the tendency will be to reduce the number of chickens raised, thereby bringing about a more favorable balance of supply in relation to demand during the latter half of 1950 and the first half of 1951. Even with price relationships unfavorable in 1950, it is not expected that farm production will be reduced materially.

TABLE VIII.—Egg Prices Received by Oklahoma Farmers, January 1942 to November 15, 1949.

(Cents per dozen)

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	30.2	24.8	25.0	24.4	25.7	27.0	27.0	27.5	29.4	31.4	33.2	34.7	28.4
1943	35.4	33.3	32.9	32.4	32.9	33.3	32.6	32.6	34.3	37.5	39.0	39.6	34.6
1944	32.4	31.6	29.7	26.0	26.7	27.0	28.0	28.5	29.9	32.6	38.6	41.1	31.0
1945	37.5	31.2	30.7	30.8	30.5	31.1	32.3	33.5	30.0	35.0	44.7	45.5	34.4
1946	37.5	29.4	30.1	29.7	30.0	30.0	32.0	32.0	40.0	44.0	41.0	43.0	34.9
1947	38.1	35.1	36.0	37.5	36.5	36.7	38.3	37.4	43.6	47.8	47.7	57.6	41.0
1948	44.3	39.7	38.3	38.3	35.4	36.4	37.0	38.0	41.7	46.0	52.0	53.0	41.6
1949	43.0	40.5	37.9	38.3	38.4	36.7	36.5	38.4	42.4	46.0	46.1		

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma.

TABLE IX.—Chicken Prices Received by Oklahoma Farmers, January 1942 to November 15, 1949.

(Cents per pound)

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	14.8	15.3	15.8	16.1	16.8	16.8	15.9	16.7	17.9	17.8	17.2	17.7	16.6
1943	19.0	19.8	20.7	22.1	22.1	22.6	22.3	21.7	22.0	22.3	22.5	21.9	21.6
1944	21.9	22.2	22.2	21.4	21.5	21.8	21.8	21.4	22.0	21.4	21.4	22.1	21.8
1945	21.8	22.1	22.5	23.2	24.0	24.7	24.9	25.8	22.8	21.8	20.9	21.4	23.0
1946	21.6	21.6	21.7	22.4	23.5	23.4	25.5	23.4	24.0	27.0	21.9	22.4	23.2
1947	22.4	21.2	23.0	23.8	23.5	22.2	22.0	22.0	22.5	23.4	22.1	21.6	22.5
1948	22.2	22.4	23.0	24.0	24.0	26.0	28.2	25.7	27.0	26.4	25.8	28.0	25.9
1949	27.0	27.0	26.0	28.1	24.8	21.6	20.0	20.4	20.6	19.8	19.9		

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma.

TABLE X.—Poultry Ration Cost Per 100 Pounds, to Oklahoma Farmers, January 1942 to November 15, 1949

(Dollars)

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	2.01	2.07	2.13	2.12	2.11	2.11	2.10	2.17	2.16	2.14	2.16	2.20	2.12
1943	2.37	2.39	2.45	2.53	2.60	2.63	2.71	2.77	2.75	2.77	2.82	2.86	2.64
1944	2.91	2.92	2.92	2.95	2.96	2.91	2.88	2.87	2.78	2.71	2.71	2.69	2.85
1945	2.72	2.73	2.76	2.79	2.78	2.80	2.84	2.86	2.85	2.89	2.91	2.94	2.82
1946	2.96	3.02	3.10	3.11	3.35	3.49	3.84	3.81	3.63	3.58	3.63	3.47	3.42
1947	3.39	3.42	3.77	3.85	3.85	3.81	3.94	4.08	4.35	4.42	4.53	4.76	4.01
1948	4.92	4.36	4.47	4.56	4.48	4.34	4.17	3.77	3.51	3.43	3.45	3.53	4.08
1949	3.52	3.41	3.45	3.52	3.45	3.29	3.33	3.32	3.29	3.27	3.25		

*TABLE XI.—Egg-Feed Price Ratios, Oklahoma.**

(Pounds of Poultry ration** equal in value to one dozen eggs)

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	15.0	12.0	11.7	11.5	12.2	12.8	12.9	12.7	13.6	14.7	15.4	15.8	13.3
1943	14.9	13.9	13.4	12.8	12.7	12.7	12.0	11.8	12.5	13.5	13.8	13.8	13.2
1944	11.1	10.8	10.2	8.8	9.0	9.3	9.7	9.9	10.8	12.0	14.2	15.3	10.9
1945	13.8	11.4	11.1	11.0	11.0	11.1	11.4	11.7	10.5	12.1	15.4	15.5	12.2
1946	12.7	9.7	9.7	9.5	9.0	8.6	8.3	8.4	11.0	12.3	11.3	12.4	10.2
1947	11.2	10.3	9.5	9.7	9.5	9.6	9.7	9.2	10.0	10.8	10.5	12.1	10.2
1948	9.0	9.1	8.6	8.4	7.9	8.4	8.9	10.1	11.9	13.4	15.1	15.0	10.0
1949	12.2	11.9	11.0	10.9	11.1	11.2	11.0	11.6	12.9	14.1	14.2		

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma.

* These ratios are not indicative of and must never be interpreted as "cost of production." They include only cost of feed, and all other costs of production are in addition.

** Poultry feed ration: percentages of specified feeds include commercial mash, 32.7 percent; home mixed mash, 11.2; commercial scratch, 4.0; corn, 14.0; wheat, 16.3; oats, 9.9; barley, 1.3; sorghum grain, 10.6 percent. Individual producers' ration cost may be more or less than the above stated costs as estimated by the Bureau of Agricultural Economics. In case poultry-ration cost and egg prices for producers in any community differ from those shown in Table X and Table VIII, respectively, the actual ratios can be calculated by dividing egg prices per dozen by actual feed cost per pound.

The population increase is also felt on the farm. With more labor available and income reduced by allotments on the principal cash crops, more time (labor) will be given to the supplementary enterprises, such as poultry, to increase total income with limited resources. The two forces tend to be offsetting influences, thereby holding up production throughout the year at a rate of output that will necessitate a support program to hold prices at 90 percent of parity. If there is no support program for poultry (and it is not compulsory under the new act), prices for poultry and poultry products are expected to be below 1949 prices.—**K. C. Davis.**

Sheep, Lambs and Wool

Sheep numbers are at a new low for the industry in the United States. The decline can be largely explained in terms of relative prices and comparative costs for production, as compared with alternative lines of production within any given area.

In the winter wheat pasture states similar to Oklahoma, the amount and condition of wheat pasture influence greatly the number of sheep on farms during the pasture season; but even in this region, as on the western ranges, the competitive position of cattle has been very strong.

The return to hired labor and the opportunity for personal advancement probably have been more encouraging in other types of industry. This phase of the labor problem has been an important factor in terms of high labor cost in sheep production since about 1942.

In 1949 the prices of sheep and lambs have adjusted to the point where they are about in line with cattle prices. However, farm labor costs remain relatively high, and from the point of view of net farm income, tend to favor mechanized production. The type of farm production that will lend itself to mechanization with a minimum labor requirement is a farm economic production problem that farmers may continue to recognize in 1950. Accordingly, then, the sheep industry during 1950 may remain largely unchanged as compared with 1949.

From a long-time point of view, according to the Bureau of Agricultural Economics, * "If the sheep population soon begins a slow increase, production of lamb and mutton would not turn upward until several years later, since farmers would have to withhold breeding stock from the market to rebuild herds. As a consequence, prices of lambs are likely to remain high compared with other livestock for a fairly long period.

* Breimyr, Harold F., *The Sheep Industry*, U. S. D. A., B. A. E., "The Agricultural Situation," Vol 33, No. 10, October 1949, p. 5.

"The United States sheep population is not again likely to reach the 1942 level. However, some decline in costs and improved price relationships may favor some increase. In the case of an economic depression, the sheep industry may fare better than the cattle industry, and the number of sheep might rise considerably. Based on the experience of the 1930s, prices of lambs probably would drop more slowly than those of cattle. Wool prices in this wool-deficit, wool-importing nation probably would decline even less. All in all, it seems to be a characteristic of the sheep enterprise that returns mount less during booms, but hold up a little better during economic declines."—**Lanny W. Gallup and Raymond B. Marshall.**

The New Farm Price Law

On November 1, 1949, President Truman signed into law the new farm bill legally cited as the "Agricultural Act of 1949."* This act provides price supports for five of the basic crops: wheat, corn, cotton, rice, and peanuts at 90 percent of parity through 1950 if marketing quotas and acreage planting allotments are applied by the Secretary of Agriculture.

After 1950, a flexible system of price supports is provided for five of the six basic crops. Tobacco, the sixth basic crop, will get a fixed support of 90 percent of parity as long as the law is unchanged.

During 1951 all of the basic crops except tobacco will be supported between 80 and 90 percent of parity. After that, the scale of support would begin at 75 percent and not go above 90 percent of parity (Table I).

Level of Price Support for Corn

For corn, the level of price support to cooperators outside the commercial corn producing area shall be 75 percent of the level of price support to cooperators in the commercial corn producing area. In the past, Oklahoma has not been listed in the commercial corn producing area.

Flexible and slightly higher support levels varying with supply changes are also set up for cotton and peanuts. For example, if the supply percentage at the beginning of the marketing year for cotton and peanuts is "more than 116 but not more than 118," the level of support shall be not less than 85 percent of the parity price. For corn, wheat and rice with a similar supply, the price support would be 82 percent of parity.

In the event marketing quotas are disapproved by producers, the level of price support to cooperators for any basic agricultural commodity except tobacco, shall be 50 percent of the parity price for the commodity. No price support shall be made available for tobacco if marketing quotas are disapproved.

Price supports may be made available to noncooperators, at such levels not in excess of the level of price support to cooperators as the Secretary determines, will facilitate the effective operation of the program.

Public Law 439—81st Cong. Ch. 792—1st Session. H. R. 5345.

Two Parity Standards Under New Law

The new law provides two parity standards. One is based on the period 1909-1914, and the other on the most recent ten years. Support levels for 1950 using the 10-year base would be the average of prices received by farmers during 1940-1949. The intent of the original parity law was to re-establish prices to farmers at a level that would give farm products a purchasing power equal to their purchasing power in a base period. The Agricultural Adjustment Act of 1933 specified 1909-1914 as the base period for all agricultural commodities except tobacco. For tobacco, the base period was 1919-1929.

The Secretary of Agriculture, until 1954, would be required to apply the higher parity standard for the basic crops based on either the 1909-1914 level, or the most recent 10-year period. Following 1954, the most recent ten years would represent the standard for the basic crops. Wartime subsidy payments, made to producers under programs designed to maintain consumer prices below O. P. A. ceilings as well as the cost of hired farm labor, are to be included in the new parity formula.

Level of Support for Nonbasic Products

"Designated nonbasic" agricultural commodities listed in the bill include wool (also mohair), tung nuts, honey, Irish potates, milk, but-

TABLE I.—The Sliding-scale of 75 to 90 Percent of Parity Price Supports For Corn, Wheat, and Rice To Go into Effect After 1951.

If the supply percentage as of the beginning of the marketing year is:	The level of support shall be not less than the following percentage of the parity price:
Not more than 102	90
More than 102 but not more than 104	89
More than 104 but not more than 106	88
More than 106 but not more than 108	87
More than 108 but not more than 110	86
More than 110 but not more than 112	85
More than 112 but not more than 114	84
More than 114 but not more than 116	83
More than 116 but not more than 118	82
More than 118 but not more than 120	81
More than 120 but not more than 122	80
More than 122 but not more than 124	79
More than 124 but not more than 126	78
More than 126 but not more than 128	77
More than 128 but not more than 130	76
More than 130	75

terfat, and the products of milk and butterfat. Prices of these commodities are to be supported as follows:

(a) The price of wool (including mohair), tung nuts, honey, and early, intermediate, and late Irish potatoes shall be supported at 60 to 90 percent of parity. The wool support shall be set at a level to encourage an annual production of approximately 360,000,000 pounds of shorn wool.

(b) The price of whole milk, butterfat, and the products of such commodities, shall be supported at 75 to 90 percent of parity. The price support set will be designed to assure "an adequate supply" of dairy products.

"Other nonbasic" agricultural commodities not listed as "designated nonbasic" products shall be supported at a level not in excess of 90 percent of parity. This means that such products as hogs, beef, sheep, poultry, cottonseed, and sweet potatoes may be supported at any level between zero to 90 percent of parity.

Commodities acquired through price support operations, which may deteriorate before they can be disposed of in normal domestic channels without impairment of the price support program, may be used to make payments for commodities not produced in the United States. The Secretary of Agriculture and the Commodity Credit Corporation are authorized upon application by the Munitions Board, or any other Federal agency, to do this in the public interest.

If such commodities are not disposed of, the Secretary of Agriculture and the Commodity Credit Corporation may make the products available first to school-lunch programs; to the Bureau of Indian Affairs, Federal and State, and local public welfare organizations; second, to private welfare organizations to assist needy persons in the United States; third to private welfare organizations to assist needy persons outside the United States. The recipients of the commodities will be required to pay only handling and transportation costs from the point of storage.—**Robert L. Tontz.**

Prices Received by Farmers, Price Indexes, and Indexes of Purchasing Power of Oklahoma Farm Products
(1910-1914=100)

	Prices				Price Indexes				Purchasing Power Indexes[1]			
	1948	1949			1948	1949			1948	1949		
	Nov.	Sept.	Oct.	Nov.	Nov.	Sept.	Oct.	Nov.	Nov.	Sept.	Oct.	Nov.
	(Dollars)				(Percent)				(Percent)			
Grain					228	208	210	211	87	82	84	84
Wheat (bu.)	2.05	1.90	1.92	1.93	238	221	223	224	91	87	89	89
Corn (bu.)	1.30	1.09	1.08	1.10	200	168	166	169	76	66	66	67
Oats (bu.)	.85	.73	.72	.75	189	162	160	167	72	64	64	67
Barley (bu.)	1.21	1.08	1.07	1.08	205	183	182	183	78	72	73	73
Rye (bu.)	1.75	1.21	1.20	1.20	204	141	140	140	78	56	56	56
Grain Sorghums (bu.)	1.15	1.09	1.04	.97	169	160	153	143	64	63	61	57
Cotton and Cottonseed					268	245	237	232	102	97	94	92
Cottonlint (lb.)	.289	.280	.272	.264	256	248	241	234	98	98	96	93
Cottonseed (ton)	73.00	43.50	40.50	42.00	373	222	207	215	142	88	82	86
Miscellaneous Crops					171	172	178	175	65	68	71	70
Potatoes, white (bu.)	1.95	1.75	1.80	1.60	176	158	162	144	67	62	65	57
Potatoes, sweet (bu.)	2.50	2.30	2.25	2.15	203	187	183	175	77	74	73	70
Hay, all baled (ton)	13.90	15.40	16.30	16.90	158	175	185	192	60	69	74	76
Total Crops					251	230	226	223	96	91	90	89
Meat Animals					385	360	341	337	147	142	136	134
Cattle (cwt.)	20.00	18.80	18.30	18.50	414	389	379	383	158	154	151	153
Calves (cwt.)	22.80	21.00	19.90	20.00	382	352	333	335	146	139	133	133
Sheep (cwt.)	8.80	8.50	8.50	8.50	189	184	184	184	72	73	73	73
Lambs (cwt.)	22.50	21.80	21.10	21.50	386	374	362	369	147	148	144	147
Hogs (cwt.)	22.20	20.60	17.70	15.90	315	293	251	226	120	116	100	90

Prices and Indexes, (Cont'd)

	Prices				Price Indexes				Purchasing Power Indexes[1]			
	1948	1949			1948	1949			1948	1949		
	Nov.	Sept.	Oct.	Nov.	Nov.	Sept.	Oct.	Nov.	Nov.	Sept.	Oct.	Nov.
	(Dollars)				(Percent)				(Percent)			
Dairy Products					255	229	234	237	97	91	93	94
Milk, wholesale (cwt.)	5.05	4.15	4.35	4.40	262	215	225	228	100	85	90	91
Butter (lb.)	.69	.640	.62	.63	308	286	277	281	117	113	110	112
Butterfat (lb.)	.57	.530	.54	.55	244	226	231	235	93	89	92	94
Chickens and Eggs					287	233	245	246	110	92	98	98
Chickens (lb.)	.258	.206	.198	**.199**	274	219	211	212	105	87	84	84
Eggs (doz.)	.520	.424	.460	**.461**	292	238	258	259	111	94	103	**103**
Total livestock and Livestock Products					340	310	301	300	130	123	120	120
All Commodities					278	254	248	246	106	100	99	98

SOURCE: Compiled by Dept. Agri Econ., Oklahoma A. & M. College, from data supplied by Bureau of Agricultural Economics, U.S.D.A., Oklahoma City, Oklahoma, and Washington, D. C.

For previous years, see Oklahoma Agri. Exp. Sta. Bul. 238, *Oklahoma Farm Price Statistics, and Current Farm Economics*, Okla. Exp. Sta. Series 49, Vol. 13, Nos. 1 and 2, Feb.-Apr., 1940. Tables 16-19, and subsequent issues.

[1] The ratio of prices received by farmers to prices paid by farmers for commodities used in living and production.

—Betty Jean Ivie.

Price Indexes in the United States and Oklahoma and Indicators of Changes in Domestic Demand.

Year and Month	PRICE INDEXES Average 1910-14=100					INDICATORS OF CHANGES IN DOMESTIC DEMAND	
	Index of Prices Received by Farmers		Index of Prices Paid by Farmers United States	All-Commodity Index of Wholesale Prices United States	Oklahoma Hog-Corn Price Ratio[2]	Index of Demand Deposits Oklahoma[3]	Index of Factory Payrolls[4] [7]
	Oklahoma[1]	United States				1923-25=100	1939=100
1910	108	102	98	103	14.43		
1911	98	95	101	95	9.17		
1912	96	100	100	101	11.15		
1913	101	101	101	102	11.21		
1914	97	101	100	99	10.55		
1915	100	98	105	102	10.48		
1916	125	118	124	125	10.61		
1917	193	175	149	172	9.52		
1918	226	202	176	192	9.20		
1919	236	213	202	202	11.14		103.9
1920	221	211	201	225	12.55		124.2
1921	109	125	152	142	17.95		80.2
1922	130	132	149	141	13.39		86.0
1923	161	142	152	147	7.44	97.0[5]	109.1
1924	165	143	152	143	7.26	95.8	101.8
1925	164	156	157	151	11.05	106.5	107.3
1926	134	145	155	146	16.44	102.0	110.5
1927	134	139	153	139	14.54	100.5	108.5
1928	151	149	155	141	10.72	100.3	109.8
1929	145	146	153	139	10.65	92.3	117.1
1930	112	126	145	126	11.04	77.4	94.8
1940	92	98	123	114	8.61	92.0[6]	113.6
1941	117	122	130	127	13.77	86.6	164.9
1942	152	157	152	144	14.35	107.4	241.5
1943	172	188	167	150	11.69	162.3	331.1
1944	181	195	176	152	10.56	215.9	343.7
1945	184	202	181	154	11.95	285.3	293.5
1946	226	233	203	177[7]	11.56	335.3	271.1
1947	286	278	246	222[7]	13.34	348.5	326.9
1948	293	287	264	241	12.69	353.3	351.4
1949 July	254	249	256	225	15.11	341.4	312.9
Aug.	253	245	254	222	16.29	343.6	323.2
Sept.	254	249	253	225	18.90	344.5	
Oct.	248	243	251	222	16.39	346.0	
Nov.	246	239	240	221	14.45		

SOURCES: Indexes of Oklahoma prices received by farmers, computed by Dept. Agri. Econ., Okla. Agri. Exp. Sta., Stillwater, Oklahoma. Indexes of U. S. prices received and prices paid by farmers and indexes of U. S. wholesale prices, from *Agricultural Prices*, Bur. of Agri. Econ., U. S. D. A., Washington, D. C. Indexes of demand deposits in Oklahoma, calculated by Dept. Agri. Econ., Okla. Agri. Exp. Sta., from data furnished by Federal Reserve Board, Washington, D. C. Indexes of factory payrolls, from U. S. Department of Labor, Bureau of Labor Statistics, Washington, D. C.

[1] Prices received by Oklahoma farmers for 25 commodities. Revised, 1910-1939, in January, 1940.

[2] These figures indicate the number of bushels of corn that could be purchased with 100 pounds of live hogs at current Oklahoma prices received by farmers.

[3] Demand deposits of Oklahoma member banks of the Federal Reserve System located in places under 15,000 population.

[4] Unadjusted for seasonal variation.

[5] Nine months only. Not available prior to April 1923.

[6] Index numbers based on net demand deposits prior to 1936 and upon gross demand deposits since that date. For a discussion of this index see CURRENT FARM ECONOMICS, Oklahoma Agricultural Experiment Station Series 49, Vol. 13, Nos. 1 and 2. Feb.-Apr. 1940. p. 41.

[7] Revised.

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